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07 CIV 8692

-ECF CASE-

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17 Attorneys for Plaintiff
18 **ONLINE PAYMENT SOLUTIONS INC.,**

19 **UNITED STATES DISTRICT COURT**
20 **SOUTHERN DISTRICT OF NEW YORK**

21 **ONLINE PAYMENT SOLUTIONS INC.,**
22 a New York corporation.

} Case No.:

} COMPLAINT FOR:

23 Plaintiff,

24 - against -

- 25 } 1. CONVERSION
26 } 2. AIDING & ABETTING
27 } 3. CONVERSION
28 } 4. AIDING & ABETTING
} 5. FRAUD
} 6. NEGLIGENCE
} 7. NEW YORK UNIFORM
} 8. DECEPTIVE TRADE
} 9. PRACTICES ACT (NY CLS
} 10. GEN BUS § 349)

29 **SVENSKA HANDELSBANKEN A.B.,** a
30 Swedish public company; **PETER LARS**
31 **JOHANSSON,** an individual; **NICHOLAS**
32 **NOLTER,** an individual; **ERIC NOLTER**
33 **aka ARYKSIN NOBLE,** an individual;
34 **FACTOR EUROPE UK LIMITED,** a
35 United Kingdom limited liability company,
36 and **DOES 1-10,**

37 Defendants.

DEMAND FOR JURY TRIAL

38 COMPLAINT

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3 Plaintiff ONLINE PAYMENT SOLUTIONS INC., ("OPS") by and through their
4 undersigned counsel, brings this action against Defendants SVENSKA
5 HANDELSBANKEN A.B. ("HANDELSBANKEN"), PETER LARS JOHANSSON
6 ("JOHANSSON"); NICHOLAS NOLTER ("NOLTER"), ERIC NOLTER *aka*
7 ARYKSIN NOBLE ("ERIC NOLTER"), FACTOR EUROPE U.K. LIMITED
8 ("FACTOR EUROPE"), and DOES 1-10, (collectively "Defendants") and alleges as
9 follows:
10

11 **NATURE OF ACTION**
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13 1. This is an action by OPS to recover over \$6 million in funds looted from
14 ECS World ("ECS") and, more precisely its merchants, including Menzia Trading
15 Limited ("MENZIA"), whose claims have been assigned to Plaintiff. Defendants, in the
16 guise of operating a credit card processing solution, implemented a massive fraudulent
17 scheme. Using assorted bribes and profit-sharing inducements, Defendants were able to
18 acquire an essential Visa/Mastercard merchant banking relationship and accounts through
19 HANDELSBANKEN, imbuing themselves with the aura of legitimacy and reputability
20 that concealed their prior history of rampant banking fraud.

21 2. Representing that their "Scandorder" processing solution would minimize
22 settlement delays with Visa/Mastercard and optimize merchant receipt of credit-card
23 funds, Defendants were able to acquire ECS' merchant payment transactions. In reliance
24 on Defendants' representations, most focally the existence of the pivotal Visa/Mastercard
25 approved merchant banking relationship through HANDELSBANKEN, ECS permitted
26 Defendants to process millions of dollars in merchant payments. However, though
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1 HANDELSBANKEN collected ECS' merchants' funds from Visa/Mastercard,
2 Defendants failed to turn over \$ 6,236,372 of such funds. Accordingly, Plaintiff now
3 seeks compensatory and punitive damages, prejudgment interest, attorneys' fees, costs,
4 and such other and further relief as this Court deems proper and just.

5 THE PARTIES

6 3. Plaintiff OPS is a corporation organized and existing under the laws of the
7 state of New York with its principal place of business in New York City, doing business
8 in this District.

9 4. Plaintiff is informed and believes that Defendant HANDELSBANKEN is
10 a Swedish public banking company with 456 branches worldwide, doing business in the
11 State of New York. Defendant HANDELSBANKEN is transacting and doing business in
12 this judicial district, and has maintained its branch office at 875 Third Avenue, New
13 York, New York since at least 1987. Defendant is subject to the personal jurisdiction of
14 this Court.

15 5. Plaintiff is informed and believes that Defendant JOHANSSON is an
16 individual, residing in Sweden, transacting and doing business in the State of New York,
17 within this judicial district, and is subject to the personal jurisdiction of this Court.

18 6. Plaintiff is informed and believes that Defendant NOLTER is an
19 individual, residing at 4669 Kelly Drive, West Palm Beach, Florida, 33415, and
20 transacting and doing business in the State of New York, within this judicial district, and
21 subject to the personal jurisdiction of this court.

22 7. Plaintiff is informed and believes that Defendant ERIC NOLTER is an
23 individual, residing in Fort Lauderdale, Florida, and transacting and doing business in the
24 State of New York, within this judicial district, and subject to the personal jurisdiction of
25 this court.

26 8. Plaintiff is informed and believes that Defendant FACTOR EUROPE is a
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1 United Kingdom limited liability company, transacting and doing business in the State of
2 New York, within this judicial district, and is subject to the personal jurisdiction of this
3 court. FACTOR EUROPE was formed by Defendant JOHANSSON, who serves as the
4 company's sole director.

5 9. On information and belief, the true names and capacities, whether
6 individual, corporate, partnership, or otherwise of Defendants named herein as DOES
7 1-10, inclusive, are unknown and therefore Plaintiff sues Defendants by such fictitious
8 names. Defendant DOES 1-10, upon information and belief, are transacting and doing
9 business within this Judicial District, and are subject to the personal jurisdiction of this
10 court. Plaintiff is ignorant of the true names of DOES 1-10 and will ask leave of Court to
11 amend this complaint to show their true names and capacities when they have been
12 ascertained.

13 10. Plaintiff is informed and believes that at all times, all Defendants herein,
14 whether named or fictitiously designated were the agents, servants, employees, joint
15 venturers, and/or the alter egos of the remaining Defendants, and the acts of each
16 Defendant were within the course and scope of their agency, service, employment, and
17 with permission, consent, and ratification of each other Defendant.

18 JURISDICTION AND VENUE

19 11. This Court has original jurisdiction over this action pursuant to 28 U.S.C. §
20 1332(a) subdivisions (1) and (2), in that the matter in controversy exceeds the sum or
21 value of \$75,000, exclusive of interest and costs, and is between, the citizens of a State
22 and citizens or subjects of a foreign state.

23 12. Venue for this action is proper in this district, pursuant to 28 U.S.C. §
24 1391. Defendants are doing business in this judicial district, and a substantial part of the
25 events or omissions giving rise to Plaintiff's claims occurred in this district. In addition,
26 Defendant HANDELSBANKEN may be found in this judicial district and, has
27 maintained its branch office in this judicial district since 1987. Defendants are subject to

1 personal jurisdiction in this district at the time of the commencement of this action, and
2 venue for this action is, thus, properly within the Southern District of New York.

3 COMMON FACTS

4 13. Plaintiff OPS is a New York corporation, which has been assigned the
5 above-listed claims of ECS, a corporation duly organized and existing under the laws of
6 the United Kingdom, which include the specific claims of MENZIA, a limited liability
7 company organized and existing under the laws of the Republic of Cyprus.

8 14. MENZIA is a company engaged in the business of operating an online
9 pharmacy, selling discount medications by prescription to consumers through its website.
10 For example, New York consumers, whose doctors have issued them valid prescriptions,
11 access MENZIA's website, and present and fill those prescriptions online, receiving their
12 medications via mail.

13 15. Since 1999, ECS has been engaged in the business of assisting Internet
14 merchants, such as MENZIA, with securing online payment solutions, essentially
15 consisting of credit card processing software installed on the merchants' computers.
16 New York consumers accessing merchant sites, such as MENZIA's, make their purchases
17 in an online transaction, utilizing their credit cards for payment. In turn, the purchasers'
18 credit cards are processed via an intricate payment system that properly culminates with
19 the Visa/Mastercard funds being credited to the merchants' (e.g., MENZIA's) accounts.

20 ECS' AGREEMENT WITH SCANDORDER

21 16. In July 2004, ECS entered into an agreement with Scandorder Inc.
22 ("Scandorder"), also known as Scandor.com, for use of Defendants' credit card online
23 processing solution. Plaintiff is informed and believes that Scandorder is a Florida
24 Corporation created by Defendants NOLTER and ERIC NOLTER on May 5, 2004, just
25 two months before the execution of the ECS agreement. NOLTER is also listed as sole
26 officer and director of Scandorder.

1 17. Pursuant to such agreement, Defendants' Scandorder credit card
2 processing solution was to be used to expedite payment transactions for ECS' merchant
3 clients, including MENZIA. In order to induce ECS into entering such agreement,
4 Defendants represented themselves as third-party processors acting "in cooperation with
5 international acquiring banks" for the purpose of processing Internet online Visa and
6 Mastercard credit card transactions. More specifically, Defendants represented that they
7 had a Visa/Mastercard approved relationship through their acquiring bank, namely
8 HANDELSBANKEN, a prominent, A+ rated international bank with hundreds of
9 millions of dollars in assets. Defendants further represented that their Scandorder
10 processing solution would minimize settlement delays with Visa/Mastercard and
11 optimize ECS' merchants' timely receipt of full credit-card funds.

12 18. In reliance on Defendants' representations, most focally the existence of
13 the pivotal Visa/Mastercard approved merchant banking relationship through
14 HANDELSBANKEN, ECS, acting in its capacity as a 'master merchant,' agreed to use
15 Defendants' technology to process ECS' merchants' transactions.

16 INTERNET CREDIT CARD PROCESSING

17 19. Though it is far from transparent to users, Internet payment transactions
18 require an elaborate chain of procedures, spanning multiple parties, and with consequent
19 time-lags and delays. Consumers accessing the individual websites of ECS' merchants
20 and selecting items for purchase only know that they are inputting their credit-card
21 information as immediate payment for goods or services. In reality, while a merchant
22 such as MENZIA may ship the items in question, it does not secure any actual funds until
23 considerably thereafter.

24 20. In essence, MENZIA used the consumer's credit-card information to put
25 in an order via Scandorder's third-party credit card processing solution to
26 HANDELSBANKEN, as Defendants' acquiring bank. HANDELSBANKEN then put in
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28

1 an order to Visa/Mastercard for eventual payment of funds to Defendants, who were then
2 responsible for dispersing such funds to ECS.

3 21. At the outset, the funds in issue originated from consumers' credit cards
4 drawn on "issuing banks," generally local to the consumer, and in this case including
5 local New York banks. With authorization from Visa/Mastercard, these issuing banks
6 had 'issued' credit cards to various consumers, who subsequently inputted the assigned
7 credit card information into ECS' merchants' websites as a form of payment.

8 22. Having acquired the consumers' credit card information, the merchants'
9 websites then relayed the credit-card transaction through Defendants' credit-card
10 processing software. Defendants' software solution, in turn, transmitted the transaction to
11 HANDELSBANKEN, Defendants' "acquiring bank," also known as a "merchant bank,"
12 and with which Defendants had a banking relationship. It is at this juncture that
13 HANDELSBANKEN'S computers took over the transaction, performing the focal task of
14 actually communicating with Visa/Mastercard to effect the retrieval and settlement of
15 merchant funds.

16 **DEFENDANTS' PIVOTAL ACQUISITION OF A VISA/MASTERCARD**
17 **MERCHANT BANKING RELATIONSHIP THROUGH HANDELSBANKEN**

18 23. Defendants' Visa/Mastercard banking relationship through
19 HANDELSBANKEN, as the acquiring or merchant bank, constituted the fundamental
20 and operative link in Defendants' credit-card processing operation. On information and
21 belief, merchant accounts are subject to rigorous and exacting pre-qualification
22 requirements that make such accounts difficult to attain for many merchants. Without a
23 merchant banking relationship, and the all-crucial merchant account, there can be no
24 credit-card processing, and, thus, in actuality, no bona fide online business.

25 24. In effect, on information and belief, all merchant accounts must be
26 sponsored by a Visa/MasterCard Acquiring Member Bank, such as
27 HANDELSBANKEN, which bank is consequently responsible for ensuring that a

1 prospective merchant, like Defendants, is in strict compliance with Visa and
2 MasterCard's rules and regulations. On information and belief, it is
3 HANDELSBANKEN, as the acquiring bank, that was responsible for screening,
4 investigating and endorsing Defendants, as one of the few select merchants from which it
5 intended to "acquire" Visa/Mastercard transactions. Plaintiff is informed and believes
6 and thereupon alleges that it is HANDELSBANKEN, therefore, that warranted to
7 Visa/Mastercard that Defendants' originally met and, thereafter continued to meet,
8 Visa/Mastercard's exacting rules and regulations promulgated with a view to preventing
9 and protecting against fraud. It is this consequent apparent "approval" by
10 Visa/Mastercard that also vested Defendants with the imprint of validity and legitimacy
11 to outside merchants, such as ECS and MFENZIA, causing such merchants to invest
12 millions of dollars in processing funds.

13 25. On information and belief, under Visa/Mastercard rules and procedures,
14 HANDELSBANKEN, as the acquiring bank, was obligated to subject Defendants to a
15 mandatory, comprehensive verification process prior to execution of any merchant
16 agreement. On further information and belief, such mandatory screening procedures
17 included credit checks, background investigations, reference checks, physical inspection
18 of the business premises and records, investigations concerning the owners, principals, or
19 partners of the entities applying for the merchant account, and examination of the
20 merchant's previous merchant agreements etc.

21 26. Plaintiff is informed and believes and thereupon alleges that
22 Visa/Mastercard's security precautions, implemented with a view to preventing fraud,
23 permitted HANDELSBANKEN as an acquiring bank to open accounts only for verified,
24 established merchants. By opening such merchant account HANDELSBANKEN
25 conveyed the message that Defendants were legitimate, reputable, and met with
26 Visa/Mastercard's stamp of approval.

1 27. In the case at hand, once Defendants were accepted by
2 HANDELSBANKEN as their acquiring bank, the Bank's computers essentially served as
3 an indispensable gateway to Visa/Mastercard, relaying codes and security protocols on
4 Defendants' behalf. After Visa/Mastercard approved the credit-card transactions, it
5 dispensed the funds to HANDELSBANKEN. HANDELSBANKEN, in turn, deposited
6 these funds into a "merchant account," from which such funds were transferred into an
7 account in the name of FACTOR EUROPE. From the FACTOR EUROPE account, the
8 funds were then to be wired to ECS' account, for eventual dispersal to the accounts of
9 ECS' individual merchants. However, to date, millions of dollars of such funds remain
10 unaccounted for by Defendants.

11 **DEFENDANTS' HANDELSBANKEN ACCOUNT ALLOWS THEM TO**
12 **CONVERT \$6 MILLION FROM PLAINTIFF**

13 28. In executing their complicated scheme, Defendants worked in concert.
14 Defendant NOLTER incorporated and ran Scandorder, and was involved in the
15 development and operation of the software processing solution, including controlling its
16 computer servers, located in both Florida and Sweden. On information and belief,
17 Defendant NOLTER has an extensive history of involvement with assorted fraudulent
18 business dealings. NOLTER's son, ERIC NOLTER ran Scandorder along with his
19 father. ERIC NOLTER also served as the technical expert for the scheme; working along
20 with his father, he was instrumental in designing the computer interfaces that
21 communicated with the bank's computers, facilitating the processing of merchant funds,
22 as well as the web page design and graphics. ERIC NOLTER also actively worked with
23 HANDELSBANKEN'S computers and programmers to process merchant funds. ERIC
24 NOLTER was also a liaison between programmers and the bank, and upon information
25 and belief actually physically met with HANDELSBANKEN at his father's request in
26 order to help establish the banking relationship with HANDELSBANKEN that
27 JOHANSSON brought to them.

1 29. Defendant JOHANSSON, working through Defendant FACTOR
2 EUROPE and a now-bankrupt entity known as Scandinavian Net Logistics ("SNL"), was
3 in charge of the key task of setting up the vital Visa/Mastercard banking relationship for
4 Defendants. On information and belief, via (i) the payment of various kickbacks or
5 bribes and/or (ii) by allowing HANDELSBANKEN employees to participate in the
6 profits earned by Defendants' credit-card processing scheme (not to mention the fees that
7 HANDELSBANKEN also earned for every transaction Defendants' processed),
8 JOHANSSON was able to "purchase" the necessary and indispensable banking
9 'relationship' with HANDELSBANKEN, complete with the all-crucial "merchant
10 account."

11 30. Accordingly, on or about June 2, 2004, Defendants and
12 HANDELSBANKEN entered into a merchant banking agreement. The merchant
13 agreement was set up in the names of SNL and Scandor.com. In turn,
14 HANDELSBANKEN also opened a merchant account for JOHANSSON in a branch
15 located in London in the name of an entirely different entity, FACTOR EUROPE, the
16 United Kingdom limited liability company that JOHANSSON had formed only a mere
17 two weeks earlier in May 2004. It was the FACTOR EUROPE account to which
18 HANDELSBANKEN eventually dispersed ECS' Visa/Mastercard funds.

19 31. This, having established that crucial merchant banking relationship with
20 HANDELSBANKEN in June 2004, and used such relationship to induce a processing
21 agreement with ECS in July 2004, Defendants began their sophisticated fraudulent
22 processing scheme. From August 23, 2004, through July 17, 2005 HANDELSBANKEN
23 processed Defendants' Visa/Mastercard transactions, including those belonging to ECS,
24 eventually dispensing such funds to the FACTOR EUROPE account. The relationship
25 between Defendants and HANDELSBANKEN only terminated when Visa/Mastercard
26 launched an investigation into HANDELSBANKEN and the Defendants, suspecting that
27 there were violations of Visa/Mastercard's mandatory merchant rules. As a consequence